

VILLAGE OF NAPOLEONVILLE, LOUISIANA
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED DECEMBER 31, 2011

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INDEPENDENT AUDITORS' REPORT

The Honorable Ron Animashaun, Mayor
and Members of the Village Council
Village of Napoleonville, Louisiana

We have audited the accompanying financial statements of the governmental activities, business-type activities, and each major fund of the VILLAGE OF NAPOLEONVILLE, LOUISIANA, as of and for the year ended December 31, 2011, which collectively comprise the Village's basic financial statements as listed in the Table of Contents. These financial statements are the responsibility of the Village of Napoleonville, Louisiana's, management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and the *Louisiana Governmental Audit Guide*. Those standards and the guide require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and each major fund of the Village of Napoleonville, Louisiana, as of December 31, 2011, and the respective changes in financial position and, and where applicable, cash flows thereof for the year ended in conformity with accounting principles generally accepted in the United States of America.

As discussed in note 1- Fund Equity of Fund Financial Statements, the Village adopted the provisions of GASB Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions for the fiscal year ended December 31, 2011. This standard reclassified the Village's fund balance into various categories but did not affect the measurement of total fund balances.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 22, 2012, on our consideration of the Village of Napoleonville, Louisiana's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 3 through 7 and 26 to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by Governmental Accounting Standards Board, who considered it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquires of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Village of Napoleonville's basic financial statements as a whole. The accompanying supplementary financial schedule on page 30 is presented for purposes of additional analysis required by the U.S. Department of Agriculture and is not a required part of the basic financial statements. The supplementary financial schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole. The Insurance in Force section of the supplementary financial schedule has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Perthuthurait & Nettunilly

June 22, 2012

Gonzales, Louisiana

VILLAGE OF NAPOLEONVILLE, LOUISIANA

This annual report consists of -

- Our independent auditors' report on the financial statements rendered an unqualified opinion.
- Management's discussion and analysis which provides in plain language an overview of our financial activities for the year.
- The basic financial statements which consist of government-wide financial statements, governmental and proprietary fund financial statements, and the notes to those financial statements.
- The comparison of actual operations for the year compared to the budget.
- Our independent auditors' report on the Village's compliance with laws and regulations and how management applied internal controls over its financial operations. The results of tests and observations indicated that there was one violation that was considered to be in noncompliance and that they did not identify any conditions that required disclosure that had an effect on our operations.

Management's Discussion and Analysis

This section of the Village of Napoleonville's (the Village) annual financial report presents our discussion and analysis of the Village's financial performance for the year ended December 31, 2011.

Please read this document in conjunction with the Village's financial statements.

Financial Highlights

- At December 31, 2011, the Village's combined total assets exceeded its liabilities by \$2,505,206 (net assets). Net assets of the governmental activities were \$610,961 while those of the business-type activities were \$1,894,245.
- For the year ended December 31, 2011, the Village's total net assets decreased by \$50,416.
- At December 31, 2011, the Village's working capital (current assets less current liabilities) was \$184,199 or an increase of \$14,911 over 2010.
- At December 31, 2011, the Village's proprietary fund reported net assets of \$1,894,245. Of this amount, \$62,229 is available for spending at the Village's discretion (unrestricted net assets).

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Village's basic financial statements. The Village's basic financial statements comprise three components: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements.

Government-Wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the Village's finances in a manner similar to a private-sector business.

The **Statement of Net Assets** presents information on the Village's assets and liabilities using the accrual basis of accounting, in a manner similar to the accounting used by private business enterprises. The difference between the assets and liabilities is reported as net assets. Over time, the increases in net assets and changes in the components of net assets may serve as a useful indicator of whether the financial position of the Village is improving or deteriorating.

The **Statement of Activities** presents information showing how the Village's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the cash flows. Thus, revenue and expenses reported in this statement for some items will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused annual leave).

In both of the government-wide financial statements, the Village's activities are divided into two types:

- Governmental activities – Most of the Village's basic services are reported here, including the general government, public safety, highways and streets, and sanitation. These activities are financed primarily by property taxes, franchise taxes, sales taxes, and fines.
- Business-type activities – The Village charges a fee to customers to help it cover all of the cost of services provided. The Village's sewer utility system is reported in this section.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Village, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related and legal requirements. The Village uses two categories of funds to account for financial transactions: governmental funds and proprietary funds. Traditional users of governmental financial statements will find the fund financial statements presentation more familiar.

- Governmental funds are used to account for most of the Village's basic services. However, unlike the government-wide financial statements, governmental fund financial statements focus on how money flows into and out of those funds and the balances that are left at year-end that are available for spending. These funds are reported using the modified accrual basis of accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the Village's general government operations and the basic services it provides. Governmental fund information helps to determine whether there are more or fewer financial resources that can be spent in the near future to finance the Village's programs.
- Proprietary funds account for sewer utility services provided by the Village to its customers. Proprietary funds statements provide the same type of information as the government-wide financial statements, but the fund presentation provides more detail.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, there are differences in the information presented for government funds and for governmental activities in the government-wide financial statements. Review of these differences provides the reader of the financial statements insight on the long-term impact of the Village's more immediate decisions on the current use of financial resources. Both the governmental fund **Balance Sheet** and the governmental fund **Statement of Revenues, Expenditures and Changes in Fund Balances** provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

Notes to the Basic Financial Statements

The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Government-Wide Financial Analysis

Net Assets December 31, 2011

	Governmental Activities	Business-type Activities	Total
Current and other assets	\$154,755	\$73,825	\$228,580
Restricted cash	-	76,893	76,893
Capital assets (net)	485,352	2,612,625	3,097,977
Total Assets	640,107	2,763,343	3,403,450
Current liabilities	12,420	31,961	44,381
Long-term liabilities	16,726	837,137	853,863
Total Liabilities	29,146	869,098	898,244
Invested in capital assets, net of related debt	485,352	1,755,123	2,240,475
Restricted for debt service	-	76,893	76,893
Unrestricted and restricted	125,609	62,229	187,838
Total Net Assets	\$610,961	\$1,894,245	\$2,505,206

The largest portion of the Village's net assets reflects its investment in capital assets (land, buildings, equipment, infrastructure, and improvements) net of any outstanding related debt used to acquire those capital assets. These capital assets are used to provide services to citizens and do not represent resources available for future spending. Although the Village's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets cannot be used to liquidate these liabilities.

Changes in Net Assets Year Ended December 31, 2011

	Governmental Activities	Business-type Activities	Total
Program revenues	\$271,259	\$144,831	\$416,090
General revenues	147,601	6,996	154,597
Total Revenues	418,860	151,827	570,687
Operating expenses	396,639	224,464	621,103
Increase (decrease) in net assets	22,221	(72,637)	(50,416)
Net assets - beginning	588,740	1,966,882	2,555,622
Net assets - end	\$610,961	\$1,894,245	\$2,505,206

Financial Analysis of the Village's Funds

As noted earlier, the Village uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds

The focus of the Village's general fund, its only governmental fund, is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Village's financing requirements. In particular, unreserved fund balance may serve as a useful measure of the Village's net resources available for spending at the end of the year.

At the end of the current year, the Village's governmental funds reported a fund balance of \$142,335, all of which is unassigned and available for spending at the Village's discretion.

The following schedule presents a summary of governmental fund revenues and expenditures for the fiscal year ended December 31, 2011, and the amount and percentage of increases and decreases in relation to the prior year.

Revenues	FYE 2011 Amount	Percent of Total	FYE 2010 Amount	Increase (Decrease) from FYE 2010	Percent Increase (Decrease)
Taxes	\$145,305	34.23%	\$141,199	\$4,106	2.91%
Intergovernmental	91,898	21.65%	100,580	(8,682)	(8.63%)
Charges for services	59,818	14.09%	55,019	4,799	8.72%
Fines and forfeitures	37,826	8.91%	53,675	(15,849)	(29.53%)
Licenses and permits	71,545	16.86%	78,508	(6,963)	(8.87%)
Rental income	13,375	3.15%	15,652	(2,277)	(14.55%)
Interest	219	0.06%	380	(161)	(42.37%)
Miscellaneous	4,472	1.05%	3,153	1,319	41.83%
Total Revenues	\$424,458	100.00%	\$448,166	(\$23,708)	(5.29%)

Expenditures	FYE 2011 Amount	Percent of Total	FYE 2010 Amount	Increase (Decrease) from FYE 2010	Percent Increase (Decrease)
General government	\$157,402	38.13%	\$164,428	(\$7,025)	(4.27%)
Police	89,668	21.72%	130,730	(41,062)	(31.41%)
Streets and drainage	31,031	7.51%	29,539	1,492	5.05%
Sanitation	58,402	14.15%	57,698	704	1.22%
Community center & recreation	14,184	3.44%	27,537	(13,353)	(48.49%)
Capital outlays	62,110	15.05%	59,231	2,878	4.86%
Total Expenditures	\$412,797	100.00%	\$469,163	(\$56,366)	(12.01%)

Proprietary Funds

The Village's proprietary fund provides the same type of information found in the government-wide financial statements, but in more detail.

General Fund Budgetary Highlights

Original budgeted revenues were \$506,100 and expenditures were \$435,585. The original budget was amended once during the year, decreasing budgeted revenues to \$424,750 and decreasing expenditures to \$430,300.

Budgeted revenues exceeded actual amounts by \$292. Budgeted expenditures exceeded actual amounts by \$17,503.

Capital Assets

The Village's investment in capital assets for its governmental and business-type activities as of December 31, 2011, amounts to \$3,097,976 (net of accumulated depreciation).

	Governmental Activities		Business-type Activities		Totals	
	2011	2010	2011	2010	2011	2010
Land	\$88,500	\$88,500	-	-	\$88,500	\$88,500
Buildings & improvements	172,797	155,552	-	-	172,797	155,552
Vehicles	13,253	17,531	-	-	13,253	17,531
Machinery and equipment	48,261	32,417	7,544	10,642	55,805	43,059
Infrastructure	162,541	180,792	-	-	162,541	180,792
Utility property	-	-	2,605,081	2,701,231	2,605,081	2,701,231
Totals	\$485,352	\$474,792	\$2,612,625	\$2,711,873	\$3,097,977	\$3,186,665

Long-Term Debt

At December 31, 2011, the Village had total debt outstanding of \$871,325. Of this total, \$17,462 is due within one year and \$853,863 is due in more than one year.

Outstanding Debt December 31, 2011

	Balance Beginning of Year	Additions	Deletions	Balance End of Year
Governmental Activities:				
Claims payable	\$ 16,726	\$ -	\$ -	\$ 16,726
Business-type activities				
USDA loans	\$ 871,277	\$ -	\$ 16,678	\$ 854,599
	\$ 888,003	\$ -	\$ 16,678	\$ 871,325

Other Factors Affecting the Village

The Village of Napoleonville's management approach is conservative. When possible, the Mayor and Aldermen attempt to provide services for the Village based on existing revenues and to finance long-term projects only when absolutely necessary. The Village also attempts to keep sewer rates at the minimum required to cover the costs of the sewer system operations. In September 2005, the Board raised sewer rates by \$2.25.

Economic Factors and Next Year's Budgets

The Village of Napoleonville's revenue mainly consists of Fines & Forfeitures, Sales Taxes, Ad Valorem Taxes and Licenses and Permits. These revenues are dependent the economic conditions of the area. Budgeted revenues and expenditures are projected to be consistent with 2011.

Contacting the Village's Financial Management

This financial report is designed to provide the Village's citizens, taxpayers, customers, and creditors with a general overview of the Village's finances and to show the Village's accountability for the money it receives. Questions regarding this report or requests for additional information should be addressed to the Village of Napoleonville, 123 Jefferson Street, Napoleonville, LA 70390, telephone (985) 369-6365.

VILLAGE OF NAPOLEONVILLE, LOUISIANA

STATEMENT OF NET ASSETS DECEMBER 31, 2011

	Governmental Activities	Business-type Activities	Total
ASSETS			
Current Assets:			
Cash	\$ 93,707	\$ 64,528	\$ 158,235
Receivables -			
Ad valorem taxes	15,750	-	15,750
Sales taxes	6,662	-	6,662
Utility charges	7,804	9,297	17,101
Other	10,924	-	10,924
Due from other government agencies	10,674	-	10,674
Due from other fund	9,234	-	9,234
Total current assets	<u>154,755</u>	<u>73,825</u>	<u>228,580</u>
Noncurrent Assets:			
Restricted cash	-	76,893	76,893
Capital assets (net)	485,352	2,612,625	3,097,977
Total noncurrent assets	<u>485,352</u>	<u>2,689,518</u>	<u>3,174,870</u>
Total Assets	<u>\$640,107</u>	<u>\$2,763,343</u>	<u>\$ 3,403,450</u>
LIABILITIES			
Current Liabilities:			
Accounts payable	\$ 9,247	\$ 2,362	\$ 11,609
Accrued payroll liabilities	3,173	-	3,173
Accrued interest payable	-	2,903	2,903
Due to other funds	-	9,234	9,234
Current portion of long-term debt	-	17,462	17,462
Total current liabilities	<u>12,420</u>	<u>31,961</u>	<u>44,381</u>
Non-Current Liabilities:			
Long-term debt	16,726	837,137	853,863
Total non-current liabilities	<u>16,726</u>	<u>837,137</u>	<u>853,863</u>
Total Liabilities	<u>29,146</u>	<u>869,098</u>	<u>898,244</u>
NET ASSETS			
Invested in capital assets, net of related debt	485,352	1,755,123	2,240,475
Restricted for debt service	-	76,893	76,893
Unrestricted - undesignated	125,609	62,229	187,838
Total Net Assets	<u>\$610,961</u>	<u>\$1,894,245</u>	<u>\$ 2,505,206</u>

See accompanying notes to the basic financial statements

VILLAGE OF NAPOLEONVILLE, LOUISIANA

STATEMENT OF ACTIVITIES YEAR ENDED DECEMBER 31, 2011

Function/Programs	Expenses	Program Revenues			Net (Expenses) Revenue	
		Charges for	Operating	Capital	Changes in Net Assets	
			Grants & Contributions	Grants & Contributions	Governmental Activities	Business-Type Activities
Governmental activities:						
General government	\$ 157,045	\$ 71,545	\$ 47,372	\$ -	\$ (38,128)	\$ -
Police	99,269	37,826	39,346	-	(22,097)	-
Streets and drainage	51,212	-	-	-	(51,212)	-
Sanitation	58,402	59,818	-	-	1,416	-
Culture and recreation	30,711	13,375	1,977	-	(15,359)	-
Total governmental activities	<u>396,639</u>	<u>182,564</u>	<u>88,695</u>	<u>-</u>	<u>(125,380)</u>	<u>-</u>
Business-type activities:						
Sewer	224,464	109,631	-	35,200	-	(79,633)
Total primary government	<u>\$ 621,103</u>	<u>\$ 292,195</u>	<u>\$ 88,695</u>	<u>\$ 35,200</u>	<u>(125,380)</u>	<u>(79,633)</u>
General revenues:						
Taxes:						
Property taxes, net					39,953	-
Sales and use taxes					88,516	-
Franchise taxes					16,836	-
Intergovernmental					5,180	-
Investment income					219	136
Miscellaneous					2,497	1,260
Interfund Transfers					(5,600)	5,600
Total general revenues and transfers					<u>147,601</u>	<u>6,996</u>
Change in net assets					22,221	(72,637)
Net assets – beginning					588,740	1,966,882
Net Assets - Ending					<u>\$ 610,961</u>	<u>\$ 1,894,245</u>

See accompanying notes to the basic financial statements.

**VILLAGE OF NAPOLEONVILLE, LOUISIANA
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2011**

	General Fund	Total Governmental Funds
ASSETS		
Cash	\$ 93,707	\$ 93,707
Receivables -		
Ad valorem taxes	15,750	15,750
Sales taxes	6,662	6,662
Garbage assessment	4,281	4,281
Electricity Franchise Fee	3,523	3,523
Other	10,924	10,924
Due from state agencies -		
Grant funds	10,674	10,674
Due from sewer fund	9,234	9,234
Total Assets	\$ 154,755	\$ 154,755
LIABILITIES		
Accounts payable	\$ 9,247	\$ 9,247
Accrued payroll liabilities	3,173	3,173
Total Liabilities	12,420	12,420
FUND BALANCES		
Unassigned , reported in:		
General fund	142,335	142,335
Total Fund Balances	142,335	142,335
Total Liabilities and Fund Balances	\$ 154,755	
Amounts reported for governmental activities in the Statement of Net Assets are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds, net of accumulated depreciation of \$698,823		485,352
Claims payable		(16,726)
Net Assets of Governmental Activities		\$ 610,961

See accompanying notes to the basic financial statements.

VILLAGE OF NAPOLEONVILLE, LOUISIANA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2011

	General Fund	Total Governmental Funds
REVENUES		
Taxes	\$145,305	\$145,305
Intergovernmental	91,898	91,898
Charges for services	59,818	59,818
Fines and forfeitures	37,826	37,826
Licenses and permits	71,545	71,545
Rental income	13,375	13,375
Investment income	219	219
Miscellaneous	4,472	4,472
Total Revenues	424,458	424,458
EXPENDITURES		
Current:		
General government	157,402	157,403
Police	89,668	89,668
Streets and drainage	31,031	31,031
Sanitation	58,402	58,402
Culture and recreation	14,184	14,184
Capital outlays	62,110	62,109
Total Expenditures	412,797	412,797
Net Change in Fund Balances	11,661	11,661
Fund Balances - Beginning	130,674	130,674
Fund Balances - Ending	\$142,335	\$142,335

Reconciliation of the change in fund balances – total governmental funds to the change in net assets of governmental activities:

Net change in fund balances – total governmental funds	\$ 11,661
Amounts reported for governmental activities in the Statement of Activities are different because:	
Capital asset purchases capitalized	62,110
Depreciation expense	(51,550)
Change in Net Assets of Governmental Activities	\$ 22,221

See accompanying notes to the basic financial statements.

VILLAGE OF NAPOLEONVILLE, LOUISIANA
STATEMENT OF NET ASSETS
PROPRIETARY FUND
DECEMBER 31, 2011

	Sewer Enterprise Fund
<hr/>	
ASSETS	
Current Assets:	
Cash	\$ 64,528
Accounts receivable	9,297
Total Current Assets	<hr/> 73,825 <hr/>
Noncurrent Assets:	
Restricted cash	76,893
Capital assets (net)	2,612,625
Total Noncurrent Assets	<hr/> 2,689,518 <hr/>
Total Assets	<hr/> \$ 2,763,343 <hr/>
LIABILITIES	
Current Liabilities:	
Accounts payable	\$ 2,362
Due to general fund	9,234
Accrued interest payable	2,903
Current portion of long-term debt	17,462
Total Current Liabilities	<hr/> 31,961 <hr/>
Non-current Liabilities:	
Long-term debt	837,137
Total Non-current Liabilities	<hr/> 837,137 <hr/>
Total Liabilities	<hr/> 869,098 <hr/>
NET ASSETS	
Invested in capital assets, net of related debt	1,755,123
Restricted for debt service	76,893
Unrestricted	62,229
Total Net Assets	<hr/> 1,894,245 <hr/>
Total Liabilities and Net Assets	<hr/> \$ 2,763,343 <hr/>

See accompanying notes to the basic financial statements.

VILLAGE OF NAPOLEONVILLE, LOUISIANA
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUND
YEAR ENDED DECEMBER 31, 2011

	<u>Sewer Enterprise Fund</u>
Operating Revenues	
Charges for services -	
Sewer charges	\$ 109,631
Operating Expenses	
Health and welfare	83,479
Depreciation	99,248
Total Operating Expenses	182,727
Net Operating Loss	(73,096)
Nonoperating Revenues (Expenses)	
Interest on investments	136
Interfund transfer	5,600
Grant proceeds	35,200
Miscellaneous Income	1,260
Interest expense	(41,737)
Total Nonoperating Revenues	459
Net Loss	(72,637)
Net Assets - Beginning	1,966,882
Net Assets - Ending	\$ 1,894,245

See accompanying notes to the basic financial statements.

VILLAGE OF NAPOLEONVILLE, LOUISIANA
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
YEAR ENDED DECEMBER 31, 2011

	Sewer Enterprise Fund
Cash flows from Operating Activities	
Receipts from customers	\$ 109,245
Payments for operations	<u>(81,727)</u>
Net Cash Provided by Operating Activities	<u>27,518</u>
Cash flows from Investing Activities	
Interest Received	<u>136</u>
Net Cash Provided by Investing Activities	<u>136</u>
Cash flows from Noncapital Financing Activities	
Loans from other funds	(750)
Operating transfers in	5,600
Grant Proceeds	35,200
Other Income	<u>1,260</u>
Net Cash Provided by Noncapital Financing Activities	<u>41,310</u>
Cash flows from Capital and Related Financing Activities	
Payments on debt obligations	(16,678)
Interest payments on debt obligations	<u>(41,737)</u>
Net Cash Used in Capital and Related Financing Activities	<u>(58,415)</u>
Net increase in Cash and Cash Equivalents	10,549
Cash and Restricted Cash - Beginning of Year	<u>130,872</u>
Cash and Restricted Cash - End of Year	<u><u>\$ 141,421</u></u>
Reconciliation of Net Operating Income to Net Cash Provided by Operating Activities	
Net operating loss	\$ (73,096)
Adjustments to reconcile net operating loss to net cash provided (used) by operating activities	
Cash flows reported in other categories	
Depreciation expense	99,248
Change in assets and liabilities	
Receivables	(385)
Accounts payable	<u>1,751</u>
Net Cash Provided by Operating Activities	<u><u>\$ 27,518</u></u>

See accompanying notes to the basic financial statements.

VILLAGE OF NAPOLEONVILLE, LOUISIANA
NOTES TO THE BASIC FINANCIAL STATEMENTS

December 31, 2011

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Financial Reporting Entity

The Village of Napoleonville, Louisiana (the "Village") was incorporated under the provisions of the Lawrason Act (LSA-RS 33:321). The Village operates under a Mayor-Board of Aldermen Council form of government. The Mayor and each of the three aldermen are elected at-large for four-year terms. The Mayor and Aldermen are compensated per diem for each meeting attended; in addition, the Mayor receives a salary. The estimated population is 686. The Village provides police protection, services to maintain and develop streets, drainage, and sanitation, general and administrative services, and utilities services for area residents. The Village provides sewer services to customers inside and outside of the Village limits. The Village employs 6 full-time employees in addition to the Mayor and Board of Aldermen.

As the municipal governing authority, for reporting purposes, the Village of Napoleonville is considered a separate financial reporting entity. The financial reporting entity consists of [a] the primary government (municipality), [b] organizations for which the primary government is financially accountable, and [c] other organizations for which nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

Governmental Accounting Standards Board (GASB) Statement No. 14, *The Reporting Entity*, established criteria for determining the governmental reporting entity and component units that should be included within the reporting entity. Under provisions of this statement, the Village is considered a primary government, since it is a special purpose government that has a separately elected governing body, is legally separate, and is fiscally independent of other state and local governments. As used in GASB Statement No. 14, fiscally independent means that the Village may, without the approval or consent of another governmental entity, determine or modify its own budget, levy its own taxes or set rates or charges, and issue bonded debt. There are no other component units which the Village of Napoleonville has an oversight relationship.

Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds are presented as separate columns in the fund financial statements.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period.

VILLAGE OF NAPOLEONVILLE, LOUISIANA
NOTES TO THE BASIC FINANCIAL STATEMENTS
December 31, 2011

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government.

The Village reports the following major governmental funds:

The *General Fund* is the Village's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in other funds.

The Village reports the following major proprietary funds:

The *Enterprise Fund* accounts for operations (a) that are financed and operated in a manner similar to private business enterprise where the intent of the governing body is that costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user fees, or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The village has elected not to follow subsequent private-sector guidance.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule, if applicable, are payments-in-lieu of taxes and other charges between the government's enterprise operations. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the proprietary funds are user charges for the services provided by the enterprise funds. Operating expenses for enterprise funds and internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the Village's policy to use restricted resources first, then unrestricted resources as they are needed.

Deposits and Investments

The Village's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

State statutes authorize the Village of Napoleonville, Louisiana to invest in United States bonds, treasury notes and bills, or certificates or time deposits of state banks organized under Louisiana law and national banks having principal offices in Louisiana. In addition, local governments in Louisiana are authorized to invest in the Louisiana Asset Management Pool, Inc. (LAMP), a non-profit corporation formed by an initiative of the State Treasurer and organized under the laws of the State of Louisiana, which operates a local government investment pool.

VILLAGE OF NAPOLEONVILLE, LOUISIANA
NOTES TO THE BASIC FINANCIAL STATEMENTS
December 31, 2011

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

All trade and property tax receivables are shown net of an allowance for uncollectible amounts.

Property taxes are levied on a calendar year basis and become due on January 1 of each year. The following is a summary of authorized and levied ad valorem taxes:

	<u>Authorized Millage</u>	<u>Levied Millage</u>
General Corporate Purposes	6.71	6.71
Maintenance Purposes	7.02	7.02

Sales Taxes are levied at 1% percent. The proceeds of this sales and use tax are dedicated to general corporate purposes.

Restricted Assets

Certain proceeds of the Enterprise Fund revenue bonds, as well as certain resources set aside for their repayment, are classified as restricted assets because their use is limited by applicable debt covenants.

Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g. roads, bridges, sidewalks, and similar items) are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are capitalized at historical cost or estimated cost if historical cost is not available. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation. The Village maintains a threshold level of \$500 or more for capitalizing capital assets.

As a Phase III government (a government with annual revenues of less than \$10 million), the Village elected not to retroactively report infrastructure assets prior to implementation. Historically, a government's largest group of assets, infrastructure assets (roads, bridges, street lighting, etc.) have not been reported nor depreciated in governmental financial statements. As a Phase III government, the Village of Napoleonville is not required to retroactively report infrastructure in the Statement of Net Assets under the guidance of the Governmental Accounting Standards Board. The Village is however required to disclose in the notes to the financials statements any infrastructure items that were omitted from the financial statements. As of December 31, 2011, none of the roads, bridges or street lighting contained within the village corporate limits were included in the Statement of Net Assets.

The cost of normal maintenance and repairs that do not add to the value of the assets or materially extend their lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

All capital assets, other than land, are depreciated using the straight-line basis over the following useful lives:

Buildings and Improvements	20 - 40 Years
Infrastructure	25 Years
Vehicles and Equipment	5 - 15 Years
Sewer Utility System	20 - 40 Years

VILLAGE OF NAPOLEONVILLE, LOUISIANA
NOTES TO THE BASIC FINANCIAL STATEMENTS
December 31, 2011

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Compensated Absences

In the government-wide financial statements, the Village employee's leave is recorded as a long-term liability. As of 12/31/2011 there was no compensated absence liability.

The cost of leave privileges, computed in accordance with GASB Codification Section C60, is recognized as a current-year expenditure in the governmental fund when leave is taken.

Long-Term Obligations

In the government-wide financial statements and the proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts as well as bond issuance costs during the current period. The face amount of the debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Fund Equity

Accounting standards require governmental fund balances to be reported in as many as five classifications as listed below:

Nonspendable – represents amounts that are not expected to be converted to cash because they are either not in spendable form or legally or contractually required to be maintained intact.

Restricted – represents balances where constraints have been established by parties outside the District or imposed by law through constitutional provisions or enabling legislation.

Committed – represents balances that can only be used for specific purposes pursuant to constraints imposed by formal action of the District's highest level of decision-making authority.

Assigned – represents balances that are constrained by the District's intent to be used for specific purposes, but are not restricted nor committed.

Unassigned – represents balances that have not been assigned to other funds and that have not been restricted, committed, or assigned to specific purposes within the general fund.

When expenditures are incurred for the purposes for which both restricted and unrestricted amounts are available, the District will reduce restricted amounts first, followed by unrestricted amounts. When expenditures are incurred for purposes for which committed, assigned and unassigned amounts are available, the District will reduce committed amounts first, followed by assigned amounts, and then unassigned amounts.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America require management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reported period. Actual results could differ from those estimates.

(continued)

VILLAGE OF NAPOLEONVILLE, LOUISIANA
NOTES TO THE BASIC FINANCIAL STATEMENTS
December 31, 2011

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Reconciliations of Government-Wide and Fund Financial Statements

Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net assets is presented on page 10 of the basic financial statements. Explanation of certain differences between the governmental fund statement of revenues, expenditures, and changes in fund balances and the government-wide statement of activities is presented on page 11 of the basic financial statements.

NOTE 2 - STEWARDSHIP, COMPLIANCE and ACCOUNTABILITY

The Village uses the following budget practices:

1. The Village Clerk prepares a proposed budget and submits to the Mayor and Board of Aldermen no later than fifteen days prior to the beginning of each fiscal year.
2. A summary of the proposed budget is published and the public is notified that the proposed budget is available for public inspection. At the same time, a public hearing is called.
3. A public hearing is held on the proposed budget at least ten days after publication of the call for the hearing.
4. After the holding of the public hearing and completion of all action necessary to finalize and implement the budget, the budget is adopted through passage of an ordinance prior to the commencement of the fiscal year for which the budget is being adopted.
5. Budgetary amendments involving the transfer of funds from one department, program or function to another or involving the increase in expenditures resulting from revenues exceeding amounts estimated, require the approval of the Board of Aldermen.
6. All budgetary appropriations lapse at the end of each fiscal year.
7. Budgets for the general and enterprise funds are adopted on a basis consistent with generally accepted accounting principles (GAAP). Budgets for enterprise funds are presented on the accrual basis of accounting. Other governmental funds are presented on the modified accrual basis of accounting. Accordingly, the budgetary comparison schedules present actual expenditures in accordance with the accounting principles generally accepted in the United States on a basis consistent with the legally adopted budgets as amended. All budgetary amounts presented reflect the original budget and the amended budget (which have been adjusted for legally authorized revisions of the annual budget during the year).

NOTE 3 - CASH AND CASH EQUIVALENTS

At December 31, 2011, the Village has cash and cash equivalents (book balances) totaling \$235,128 as follows:

Interest-Bearing Demand Deposits	\$ 79,267
LAMP	155,861
Total Cash at December 31, 2011	<u>\$ 235,128</u>

These deposits are stated at cost, which approximates market value. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties.

At December 31, 2011, the Village has \$89,885 in interest-bearing demand deposits (collected bank balances). These deposits are secured from risk by \$250,000 of federal deposit insurance.

VILLAGE OF NAPOLEONVILLE, LOUISIANA
NOTES TO THE BASIC FINANCIAL STATEMENTS
December 31, 2011

NOTE 3 - CASH AND CASH EQUIVALENTS (continued)

Investments held at December 31, 2011 consist of \$155,861 in the Louisiana Asset Management Pool (LAMP), a local government investment pool. In accordance with GASB Codification Section 150.126, the investment in LAMP at December 31, 2011 is not categorized in the three risk categories provided by GASB Codification Section 150.125 because the investment is in the pool of funds and therefore not evidenced by securities that exist in physical or book entry form.

NOTE 4 - RECEIVABLES

In the government-wide statements, receivables consist of all revenues earned at year-end and not yet received. Allowances for uncollectible accounts are based upon historical trends and the period aging and write-off of accounts receivable. Major receivables balances for the governmental activities include sales taxes, ad valorem taxes, franchise taxes, occupational licenses, fines, and grants. Business-type activities report utilities earnings as their major receivable.

In the fund financial statements, material receivables in governmental funds include revenue accruals such as sales tax, ad valorem taxes, franchise taxes, occupational licenses, fines, and grants and other similar intergovernmental revenues since they are usually both measurable and available. Non-exchange transactions collectible but not available are deferred in the fund financial statements in accordance with modified accrual, but not deferred in the government-wide financial statements in accordance with the accrual basis. Interest and investment earnings are recorded only if paid within 60 days since they would be considered both measurable and available. Proprietary fund revenues consist of all revenues earned at year-end and not yet received. Utility accounts receivable comprise the majority of proprietary fund receivables. Allowances for uncollectible accounts receivable are based upon historical trends and the periodic aging and write-off of accounts receivable.

NOTE 5 - INTERFUND RECEIVABLES/PAYABLES

The following is a detailed list of interfund balances reported in the fund financial statements on December 31, 2011:

	Due From Other Funds	Due From Other Funds
General Fund	\$9,234	-
Enterprise Fund	-	\$9,234
	<u>\$9,234</u>	<u>\$9,234</u>

NOTE 6 - RESTRICTED ASSETS and RESTRICTED NET ASSETS

Under the terms of the USDA loan agreements, the Village is to make monthly deposits into a Bond and Interest Sinking Fund, a Reserve Fund (5% of the annual debt payment) and Depreciation & Contingency Fund (\$156.00 per month). As of December 31, 2011, the status of these accounts is as follows:

	Cash on Deposit	Amount Required per USDA
Bond reserve fund	\$38,433	\$38,023
Bond depreciation and contingency fund	38,460	38,405
Total	<u>\$76,893</u>	<u>\$76,428</u>

NOTE 7 - RISK MANAGEMENT

The Village is exposed to various risks of loss related to theft, damage, or destruction of assets, torts, injuries, natural disasters, and many other unforeseeable events. The Village purchases commercial insurance policies and bonds for any and all claims related to the aforementioned risks. The Village's payment of the insurance policy deductible is the only liability associated with these policies and bonds. There has been no significant decrease in insurance coverage from the prior year, and the amount of settlements has not exceeded the insurance coverage for the past three fiscal years.

VILLAGE OF NAPOLEONVILLE, LOUISIANA
NOTES TO THE BASIC FINANCIAL STATEMENTS
December 31, 2011

NOTE 8 - CAPITAL ASSETS

Capital assets and depreciation activity as of and for the year ended December 31, 2011 for **governmental activities** is as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital Assets Not Being Depreciated:				
Land	\$88,500	\$ -	\$ -	\$88,500
Total Capital Assets Not Being Depreciated	88,500	-	-	88,500
Capital Assets Being Depreciated:				
Buildings and improvements	589,475	33,739	-	623,214
Infrastructure	310,000	-	-	310,000
Vehicles	53,962	-	-	53,962
Equipment	80,128	28,371	-	108,499
Total Capital Assets Being Depreciated	1,033,565	62,110	-	1,095,675
Less Accumulated Depreciation for:				
Buildings and improvements	(433,923)	(16,494)	-	(450,417)
Infrastructure	(158,464)	(12,400)	-	(170,864)
Vehicles	(7,175)	(10,129)	-	(17,304)
Equipment	(47,711)	(12,527)	-	(60,238)
Total Accumulated Depreciation	(647,273)	(51,550)	-	(698,823)
Capital Assets Being Depreciated, Net	386,292	10,560	-	396,852
Governmental Activities Capital Assets, Net	\$474,792	\$10,560	\$ -	\$485,352

Depreciation expense was charged to the functions of the primary government as follows:

Governmental activities:	
General government	\$ 5,242
Public safety – police	9,601
Streets and drainage	20,181
Culture and recreation	16,526
Total depreciation expense – governmental activities	\$ 51,550

Capital assets and depreciation activity as of and for the year ended December 31, 2011 for **business-type activities** is as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital Assets Being Depreciated:				
Sewer Utility System	\$1,185,680	\$ -	\$ -	\$1,185,680
Improvements	2,660,348	-	-	2,660,348
Equipment	16,361	-	-	16,361
Total Capital Assets Being Depreciated	3,862,389	-	-	3,862,389
Less Accumulated Depreciation for:				
Sewer System	(770,692)	(29,642)	-	(800,334)
Improvements	(374,105)	(66,508)	-	(440,613)
Equipment	(5,719)	(3,098)	-	(8,817)
Total Accumulated Depreciation	(1,150,516)	(99,248)	-	(1,249,764)
Business-Type Activities Capital Assets, Net	\$2,711,873	\$ (99,248)	\$ -	\$2,612,625

VILLAGE OF NAPOLEONVILLE, LOUISIANA
NOTES TO THE BASIC FINANCIAL STATEMENTS
December 31, 2011

NOTE 9 - LONG-TERM OBLIGATIONS

The following is a summary of long-term obligation transactions for the year ended December 31, 2011:

	Balance 12/31/2010	Payments	Additions	Balance 12/31/2011	Due Within One Year
Governmental Funds					
Claims Payable	\$ 16,726	\$ -	\$ -	\$ 16,726	\$ -
<u>Total governmental funds</u>	<u>16,726</u>	<u>-</u>	<u>-</u>	<u>16,726</u>	<u>-</u>
 Proprietary Fund					
1989 Sewer Revenue Bond	249,068	7,779	-	241,289	8,215
2001 Sewer Revenue Bond	296,032	4,810	-	291,222	5,022
2006 Sewer Revenue Bond	326,177	4,089	-	322,088	4,225
<u>Total proprietary fund</u>	<u>871,277</u>	<u>16,678</u>	<u>-</u>	<u>854,599</u>	<u>17,462</u>
 Total long-term debt	<u>\$ 888,003</u>	<u>\$ 16,678</u>	<u>\$ -</u>	<u>\$ 871,325</u>	<u>\$ 17,462</u>

Long-term debt obligations for the primary government at December 31, 2011 comprised of the following:

Governmental Activities

Claims payable	\$ 16,726
Total long-term debt from governmental activities	<u>\$ 16,726</u>

Business-Type Activities

Revenue Bonds

\$336,500 Sewer Revenue Bond secured by a pledge of sewer revenues, due in monthly installments of \$1,876 through December 11, 2029; interest at 6.0%	\$ 241,289
\$331,000 Sewer Revenue Bond secured by a pledge of sewer revenues, due in monthly installments of \$1,503 through December 3, 2041; interest at 4.5%	291,222
\$340,000 Sewer Revenue Bond secured by a pledge of sewer revenues, due in monthly installments of \$1,489 through March 3, 2046; interest at 4.25%	322,088
Total long-term debt from business-type activities	<u>\$ 854,599</u>

VILLAGE OF NAPOLEONVILLE, LOUISIANA
NOTES TO THE BASIC FINANCIAL STATEMENTS
December 31, 2011

NOTE 9 - LONG-TERM OBLIGATIONS (continued)

The annual requirements to amortize all debt outstanding at December 31, 2011, are as follows:

	USDA - 1989		USDA - 2001		USDA - 2006		Total	
	Principal	Interest	Principal	Interest	Principal	Interest	Total Principal	Total Interest
2012	8,215	14,297	5,022	13,011	4,225	13,644	17,462	40,952
2013	8,763	13,749	5,152	12,781	4,448	13,423	18,363	39,953
2014	9,303	13,202	5,494	12,539	4,540	13,230	19,337	38,971
2015	9,877	12,634	5,711	11,422	4,842	13,029	20,430	37,085
2016	10,451	12,060	6,009	12,025	5,015	12,855	21,475	36,940
2017 - 2021	62,945	49,630	34,387	55,755	28,793	60,681	126,125	166,066
2022 - 2026	84,886	27,669	43,076	47,088	34,908	53,979	162,870	128,736
2027 - 2031	46,849	3,333	53,928	36,246	44,060	45,394	144,837	84,973
2032 - 2036	-	-	66,616	22,748	54,211	35,141	120,827	57,889
2037 - 2041	-	-	65,827	6,062	67,063	22,299	132,890	28,361
2042 - 2046	-	-	-	-	69,983	6,629	69,983	6,629
	<u>\$241,289</u>	<u>\$146,574</u>	<u>\$291,222</u>	<u>\$229,677</u>	<u>\$322,088</u>	<u>\$290,304</u>	<u>\$854,599</u>	<u>\$666,555</u>

NOTE 10 - PENSION PLANS

The Village of Napoleonville, Louisiana participated in a Municipal Employees Retirement Plan (MERS) and in the Municipal Police Employee Retirement Plan (MPERS). The plan covers employees who are employed by the Village for at least 6 months.

MERS-

All of the Village of Napoleonville's full-time non-police employees participate in the Municipal Employees Retirement System Plan "B" ("System"), a multiple-employer public employee retirement system. The payroll for employees covered by the System for the year ended December 31, 2011, was \$43,459; the Village's total payroll was \$136,299. The system provides retirement benefits to employees of all incorporated villages, towns, and cities within the State which do not have their own retirement system and which elect to become members of the System. The System was established by Act 356 of the 1954 regular session of the Legislature of the State of Louisiana. Membership is mandatory as a condition of employment beginning on the date employed if the employee is on a permanent basis working at least thirty-five hours per week, not participating in another public funding retirement system and under age sixty at date of employment.

Any member of Plan B can retire providing he meets one of the following criteria:

1. Age fifty-five with thirty years of creditable service.
2. Age sixty with a minimum of ten or more years of creditable service.
3. Under age sixty with ten years of creditable service eligible for disability benefits.
4. Survivor's benefits require twenty years creditable service at death of member.

Generally, the monthly amount of the retirement allowance for any member of Plan B shall consist of an amount equal to two per cent of the member's final compensation multiplied by his years of creditable service. However, under certain conditions as outlined in the statutes, the benefits are limited to specified amounts.

Covered employees are required by State statute to contribute 5.00% of their salary to the plan. The Village was required by the same statute to contribute 8.00% from January 1, 2011 to December 31, 2011. The contribution requirement for the year ended December 31, 2011, was \$535.

Trend information showing the progress of the System in accumulating sufficient assets to pay benefits when due is presented in its annual financial reports. Copies of these reports may be obtained from the Municipal Employees Retirement System of Louisiana.

VILLAGE OF NAPOLEONVILLE, LOUISIANA
NOTES TO THE BASIC FINANCIAL STATEMENTS
December 31, 2011

NOTE 10 - PENSION PLANS (continued)

MPERS-

All of the Village of Napoleonville's full-time police employees participate in the Municipal Police Employees Retirement System ("System"), a multiple-employer public employee retirement system. The payroll for employees covered by the System for the year ended December 31, 2011, was **zero**; the Village's total payroll was \$136,299.

Membership is mandatory for any full-time police officer employed by a municipality of the State of Louisiana and engaged in law enforcement, empowered to make arrests, providing he does not have to pay social security and providing he meets the statutory criteria.

Benefit provisions are authorized within Act 189 of 1973 and amended by LRS 11:2211-11:2233.

Any member is eligible for normal retirement after he has been a member of the System for one year, if he has 25 years of creditable service at any age, or has 20 years of creditable service and is age 50, or has 12 years creditable service and is age 55.

Benefit rates are three and one-third percent of average final compensation (average monthly earnings during the highest 36 consecutive months or joined months if service was interrupted) per number of years of creditable service not to exceed 100% of final salary.

A member is eligible to receive disability benefits if he was an active contributing member of the system, or if he is no longer a member but has 20 years creditable service established in the System, and suffers disability which has been certified by examination by a member of the State-wide Medical Disability Board. A service-related disability requires no certain number of years of creditable service; however, a non-service connected disability requires five years of creditable service.

The disability benefits are calculated at three percent of average final compensation multiplied by years of creditable service, but shall not be less than forty percent nor more than sixty of average final compensation. Upon reaching the age required for regular retirement, the disability pensioner receives the greater of disability benefit or accrued benefit earned to date of disability.

Upon the death of an active contributing member, or disability retiree, the plan provides for surviving spouses and minor children. Under certain conditions outlined in the statutes, the benefits range from forty to sixty percent of the member's average final compensation.

A member is eligible upon receiving 25 years of credit regardless of age or 20 years of credit and attaining the age of 50, to elect to enter the deferred retirement option plan (DROP). Upon filing the application for the program, the employee's active membership in the system is terminated. At the entry date into the DROP, the employee and employer contributions cease. The amount to be deposited into the DROP account is equal to the benefit computed under the retirement plan elected by the participant at date of application. The duration of participation in the DROP is specified for a period of three years or less. If employment is terminated after the three year period the participant may receive his benefits by lump sum payment or a true annuity. If employment is not terminated, active contributing membership into the system shall resume and upon later termination, he shall receive additional retirement benefit based on the additional service. DROP accounts shall earn interest subsequent to the termination of DROP participation at a rate of half of one percentage point below the percentage rate of return of the System's investment portfolio as certified by the actuary on an annual basis.

Covered employees are required by State statute to contribute 10.00% of their salary to the plan. The Village was required by the same statute to contribute 26.50%. The contribution requirement for the year ended December 31, 2011, was **zero**, because no employees participated during 2011.

Trend information showing the progress of the System in accumulating sufficient assets to pay benefits when due is presented in its annual financial reports. Copies of these reports may be obtained from the Municipal Police Employees Retirement System of Louisiana.

VILLAGE OF NAPOLEONVILLE, LOUISIANA
NOTES TO THE BASIC FINANCIAL STATEMENTS
December 31, 2011

NOTE 11 – COMPENSATION to BOARD MEMBERS

Each member of the Board of Commissioners receives a per diem allowance for attending regular or special meetings of the Board. Each board member was paid the following amounts for meetings attended in 2011:

	<u>Amount</u>
Ron J. Animashaun, Mayor	\$17,600
Joyce Bell, Alderman	4,960
Richard Bilello, Alderman	4,960
Renard Southall, Alderman	4,960
Total	<u>\$32,480</u>

NOTE 12 – RECLASSIFICATIONS

Certain amounts in the prior year financial statements have been reclassified for comparative purposes to conform with the presentation in the current year financial statements.

NOTE 13 – SUBSEQUENT EVENTS

The Organization has evaluated subsequent events through the date that the financial statements were available to be issued, June 22, 2012, and has determined that no events occurred that require disclosure.

**VILLAGE OF NAPOLEONVILLE, LOUISIANA
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2011**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES				
Ad valorem taxes	\$45,000	\$50,000	\$39,953	\$(10,047)
Sales taxes	75,000	85,000	88,516	3,516
Franchise taxes	18,000	14,000	16,836	2,836
Fines and forfeitures	118,000	40,000	37,826	(2,174)
Licenses and permits	85,500	73,000	71,545	(1,455)
Charges for services	55,000	60,000	59,818	(182)
State grants	35,000	35,500	47,372	11,872
Police Law Enforcement Grant	40,800	45,000	39,346	(5,654)
Intergovernmental	14,000	5,000	5,180	180
Rental income	14,000	12,500	13,375	875
Investment Income	500	250	219	(31)
Miscellaneous	5,300	4,500	4,472	(28)
Total Revenues	506,100	424,750	424,458	(292)
EXPENDITURES				
Current:				
General government	167,610	167,850	157,403	10,447
Police	99,325	87,950	89,668	(1,718)
Streets and drainage	31,000	30,500	31,031	(531)
Sanitation	52,000	58,500	58,402	98
Culture and recreation	31,150	17,000	14,184	2,816
Capital Outlay:				
General government	25,000	25,000	25,784	(784)
Public safety	-	11,000	9,050	1,950
Streets and drainage	8,500	16,000	9,161	6,839
Culture and recreation	21,000	16,500	18,114	(1,614)
Total Expenditures	435,585	430,300	412,797	17,503
Net Change in Fund Balances	70,515	(5,550)	11,661	
Fund Balances - Beginning	155,721	130,674	130,674	
Fund Balances - Ending	\$226,236	\$125,124	\$142,335	

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

**The Honorable Ron Animashaun
and Members of the Village Council
Village of Napoleonville, Louisiana**

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, of the Village of Napoleonville, as of and for the year ended December 31, 2011, which collectively comprise the Village of Napoleonville's basic financial statements and have issued our report thereon dated June 22, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

Management of the Village of Napoleonville, Louisiana is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the Village's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Village's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Village's internal control over financial reporting.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Village's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed one instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and questioned cost as item [2011-1].

The Village of Napoleonville, Louisiana's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. We did not audit the Village's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the Village and its management and the Legislative Auditor for the State of Louisiana and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Postlethwaite & Netterville

June 24, 2011
Gonzales, Louisiana

**VILLAGE OF NAPOLEONVILLE, LOUISIANA
SCHEDULE OF FINDINGS
YEAR ENDED DECEMBER 31, 2011**

A. SUMMARY OF AUDITORS' RESULTS

Financial Statements

Type of auditor's report issued: Unqualified

Internal Control over Financial Reporting:

- | | | |
|---|---|--|
| • Material weakness(es) identified? | _____ yes | _____ <input checked="" type="checkbox"/> no |
| • Significant deficiency(ies) identified that are not considered to be material weaknesses? | _____ yes | _____ <input checked="" type="checkbox"/> no |
| Noncompliance material to financial statements noted? | _____ <input checked="" type="checkbox"/> yes | _____ no |

B. FINDINGS--FINANCIAL STATEMENTS AUDIT

None

COMPLIANCE WITH STATE LAWS AND REGULATIONS

2011-1 Advancement of Funds

Condition: The Village of Napoleonville advanced funds to two employees in the current year.

Criteria: Article VII, Section 14 of the Louisiana Constitution states that funds, credit, property, or things of value of the state or any political subdivision shall not be loaned, pledged, or donated to or for any person, association, or corporation, public or private.

Effect: The advancement of the Village's funds is a violation of Article VII, Section 14 of the Louisiana Constitution.

Cause: Advance payments to employees were made during the current year.

Recommendation: The Village of Napoleonville shall not loan, pledge, or donate funds, credit, property, or things of value.

Management's Response: We concur with the finding. The funds that were advanced are being paid back to the Village through payroll deductions.

**VILLAGE OF NAPOLEONVILLE, LOUISIANA
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
YEAR ENDED DECEMBER 31, 2011**

B. FINDINGS – FINANCIAL STATEMENT AUDIT

REPORTABLE CONDITIONS:

2010-1 Louisiana Budget Law

Observation: The Louisiana Revised Statute 39:1311A(1) requires that the budget shall be amended when total revenues and other sources for the remainder of the year, within a fund, are failing to meet total budgeted revenues and other sources by five percent or more. The General Fund had an unfavorable variance of 5.31% of total actual revenues to total budgeted revenues.

Current Years Status: Resolved.

Supplemental Information Required by USDA

VILLAGE OF NAPOLEONVILLE, LOUISIANA
SUPPLEMENTARY INFORMATION REQUIRED BY USDA

Sewer Customers and Rates

At December 31, 2011, the Village billed the following number of customers:

Rate Code/Description	Customers	Rate
Type 1		\$22.00 per month flat rate
Type 2		\$25.00 per month flat rate
Aysenne Rental Partnership	1	\$500.00 per month flat rate
Assumption Properties II	1	\$250.00 per month flat rate

Aged Accounts Receivable

At December 31, 2011, the Village's accounts receivable was as follows:

Balances	Customers	Aging
\$8,025	356	Current
1,193	49	31 - 60 Days
79	4	61 - 90 Days
-	-	Over 91 Days
\$9,297		

Insurance in Force

Issuer/Insurer	Type of Insurance	Limit Description	Coverage	Effective Dates
Louisiana Municipal Risk Management Agency	Commercial General Liability	Sewer Plant	\$500,000	5/1/2011 to 5/1/2013

Mayor and Board of Aldermen

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